

**Presentation to the
New Mexico Finance Authority
Legislative Oversight Committee**

COLONIAS INFRASTRUCTURE BOARD

August 15, 2016





COLONIAS INFRASTRUCTURE ACT

- ❖ In adopting the Colonias Infrastructure Act (the “Act”, NMSA 1978, Sections 6-30-1 – 6-30-8), the Legislature found that Colonias lack basic infrastructure, resulting in poor social, health and economic conditions.
- ❖ Definition of a qualified Colonia as defined in the Act: A rural community with a population of 25,000 or less located within 150 miles of the United State-Mexico border that:
 - ❖ Has been designated as a Colonia by the county or municipality due to:
 - ❖ Lack of potable water;
 - ❖ Lack of adequate sewage systems;
 - ❖ Lack of decent, safe and sanitary housing; and
 - ❖ Has been in existence as a Colonia prior to November 1990.
- ❖ There are 171 Colonias within the 12 southern-most counties in the state.



COLONIAS INFRASTRUCTURE BOARD

The Act creates the Colonias Infrastructure Board (CIB), a 12-member Board comprised of seven voting members and five advisory, non-voting members. Current members:

| Name | Representing |
|---|---|
| Doug Moore, <i>Chair</i> | Minority Leader of the Senate Appointee |
| Oscar Vasquez Butler, <i>Vice Chair</i> | President Pro Tempore of the Senate Appointee |
| M. Keith Riddle, <i>Secretary</i> | Speaker of the House of Representatives Appointee |
| Ryan Flynn, <i>Treasurer</i> | Environment Department |
| Robert P. Coalter | New Mexico Finance Authority |
| Mary Helen Garcia | Minority Leader of the House of Representatives Appointee |
| Duffy Rodriguez | Department of Finance & Administration |
| Jay Czar* | New Mexico Mortgage Finance Authority |
| Steve Kopelman* | New Mexico Association of Counties |
| Priscilla Lucero* | Southwest Council of Governments |
| Jay Armijo* | South Central Council of Governments |
| Dora Bautista* | Southeastern Economic Development District Council of Governments |

*Advisory, non-voting members

COLONIAS INFRASTRUCTURE PROJECT FUND

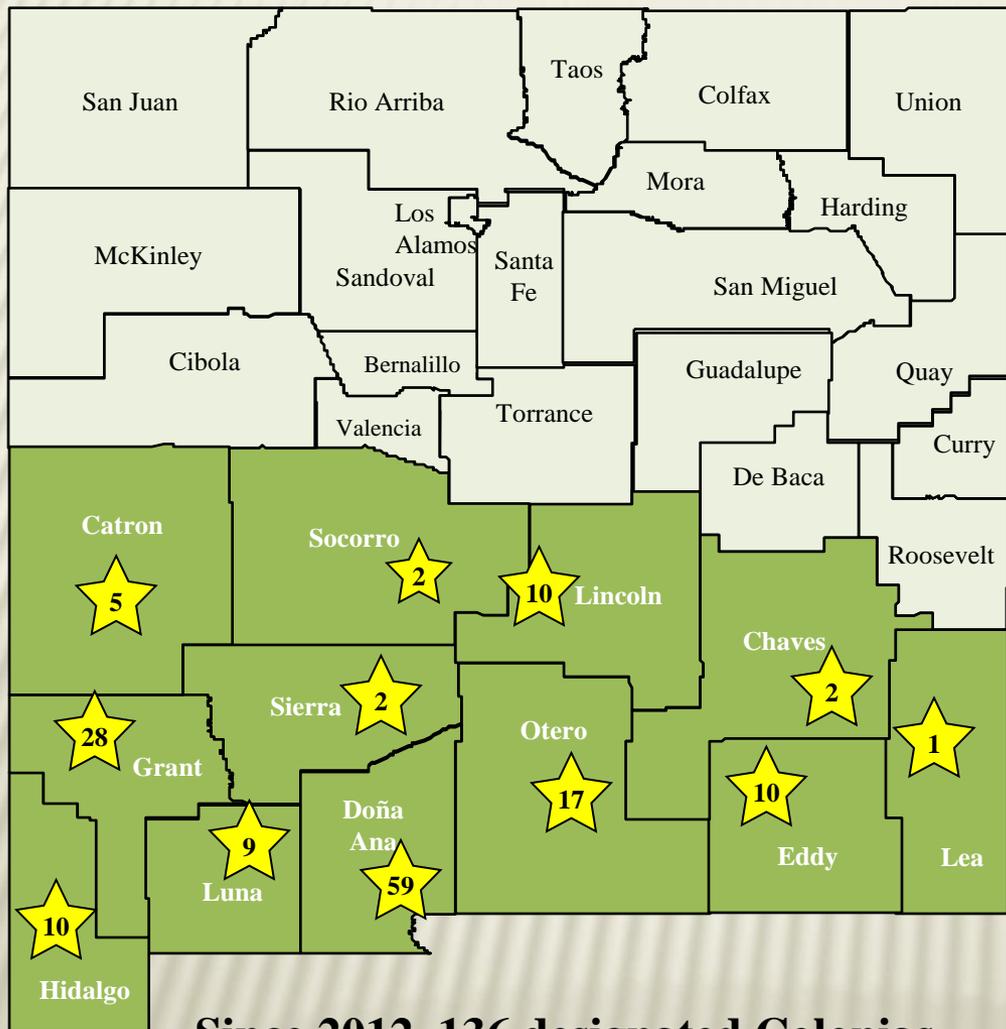
- ❖ Colonias Infrastructure Project Fund (the “Fund”) is created within the NMFA and annually receives an earmark of senior Severance Tax Bond (“STB”) proceeds held by the State Board of Finance.
- ❖ HB 236/aa from the 2015 Regular Session amended the STB Act to phase in reductions to bonding capacity to increase the amount of severance tax receipts deposited in the severance tax permanent fund. The bill contained provisions that lessened the impact of the reduction by increasing the percentage of STB capacity dedicated to the Fund from 5% to 6.5% in FY 2016 and 5.5% thereafter.
- ❖ Pursuant to the Act, the NMFA may make loans and grant awards from the Fund to qualified entities for projects prioritized by the CIB. Six types of projects may be funded:
 - ❖ Water Infrastructure
 - ❖ Wastewater infrastructure
 - ❖ Solid waste infrastructure
 - ❖ Housing infrastructure (pre-development)
 - ❖ Flood and drainage control
 - ❖ Road infrastructure

COLONIAS INFRASTRUCTURE PROJECT FUND

- ❖ The CIB uses comprehensive Project Management Policies and Selection Criteria for prioritizing projects to be funded by the NMFA
- ❖ To the greatest extent possible, the CIB leverages federal funds to complete projects

| Year | Applications Received | | CIB Awards Made | | Federal Funds Leveraged | | Total Funding Provided |
|--------------|-----------------------|----------------------|-----------------|---------------------|-------------------------|---------------------|------------------------|
| | # | Amount | # | Amount | Sources | Amount | |
| 2012 | 75 | \$40,360,527 | 39 | \$12,801,965 | USDA, BECC & CDBG | \$13,141,403 | \$25,943,368 |
| 2013 | 59 | \$37,736,894 | 37 | \$16,640,461 | USDA & CDBG | \$8,357,897 | \$24,998,358 |
| 2014 | 77 | \$40,351,172 | 37 | \$13,079,904 | BECC & EPA | \$10,437,286 | \$23,517,190 |
| 2015 | 54 | \$38,154,397 | 28 | \$15,562,611 | USDA, CDBG & DWSRF | \$7,916,095 | \$23,478,706 |
| 2016 | 36 | \$30,842,183 | 14 | \$11,958,068 | USDA, EPA, BECC | \$5,366,034 | \$17,324,102 |
| TOTAL | 301 | \$187,445,173 | 155 | \$70,043,009 | | \$45,218,715 | \$115,261,724 |

Colonias Infrastructure Project Fund Awards 2012 - 2016



| County | # of Awards | Amount |
|--------------|-------------|----------------------|
| Catron | 5 | \$ 2,609,017 |
| Chaves | 2 | \$ 981,845 |
| Doña Ana | 59 | \$ 24,937,331 |
| Eddy | 10 | \$ 3,889,692 |
| Grant | 28 | \$ 13,340,117 |
| Hidalgo | 10 | \$ 4,456,354 |
| Lea | 1 | \$ 320,602 |
| Lincoln | 10 | \$ 7,406,745 |
| Luna | 9 | \$ 3,583,598 |
| Otero | 17 | \$ 6,913,708 |
| Sierra | 2 | \$ 1,500,000 |
| Socorro | 2 | \$ 104,000 |
| Total | 155 | \$ 70,043,009 |

Since 2012, 136 designated Colonias have been approved for 155 funding awards totaling more than \$70 million





UPDATE ON CIB'S FY 2016 ACTIVITIES

- ❖ Board Task Force worked with staff to identify reasons behind slow pace of expenditures and make policy recommendations to ensure increased pace of spending
- ❖ CIB's Policy Committee reviewed Policies and Project Selection Criteria
- ❖ CIB's Project Review Committee focused on project compliance
- ❖ Application process:
 - ❖ Focused on Applicants that have demonstrated ability to timely expend prior awards
 - ❖ Included Project Presentations from Applicants for first time



CIB POLICY AMENDMENTS

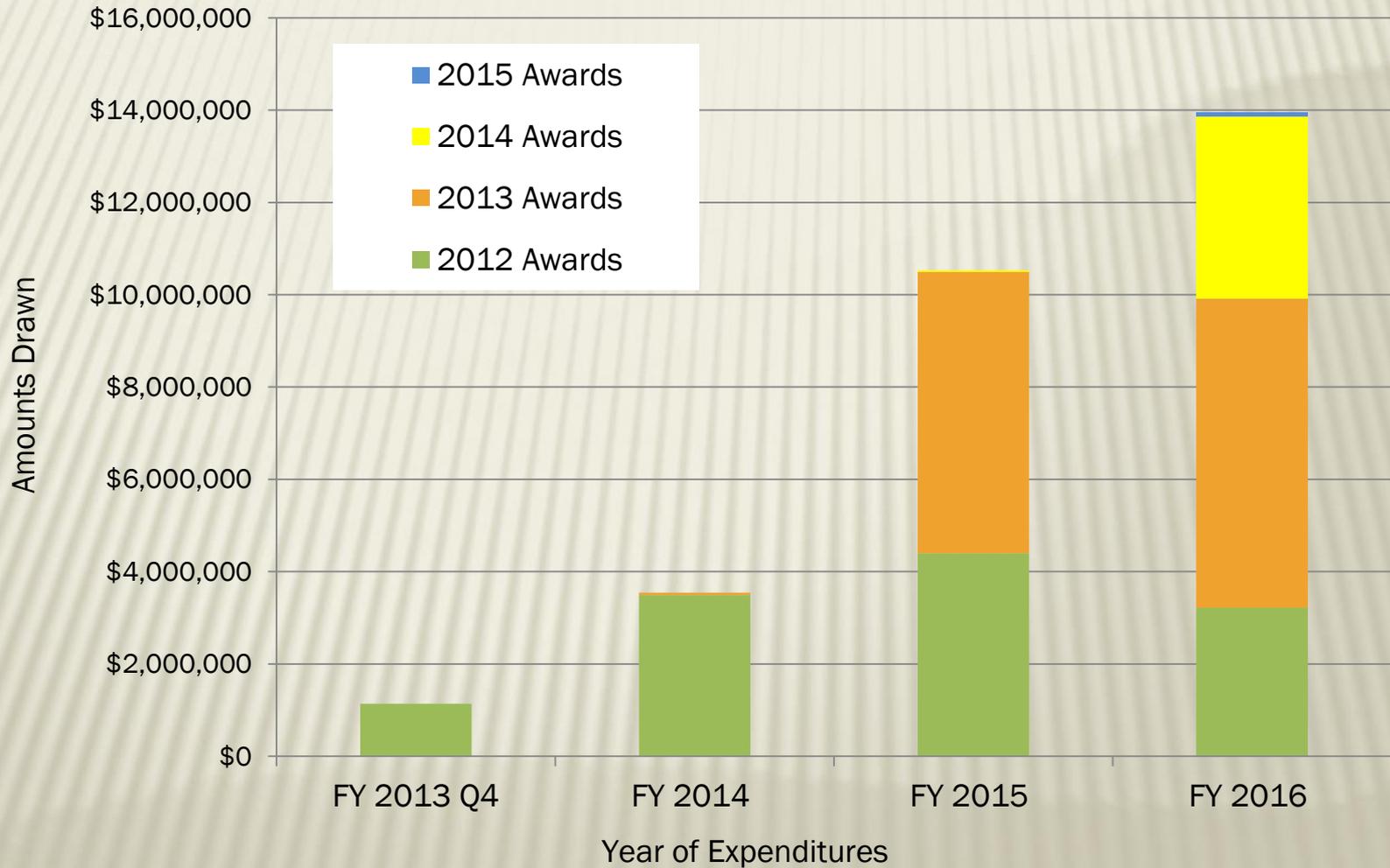
- ❖ The CIB is considering minor amendments to its Project Management Policies and Project Selection Criteria to:
 - ❖ Increase focus on public health threats
 - ❖ Provide clarity on “project urgency” and “regionalization”
 - ❖ Ensure project readiness and timely project completion
- ❖ The CIB considered the proposed amendments at its July 12th meeting and the policies have been posted for a 30-day public review (ends August 24th)
- ❖ Final recommendations will be considered at its October 6th Meeting



UPDATE ON NMFA ACTIVITIES

- ❖ Increased staff dedicated to Colonias:
 - ❖ Provides greater outreach to communities;
 - ❖ Provides greater oversight of projects;
 - ❖ Increases pace of project expenditures;
 - ❖ Accelerates closing process; and
 - ❖ Provides greater support to Board;
- ❖ For FY 2017:
 - ❖ On-line application process
 - ❖ December 1, 2016 – January 13, 2017 (training provided in October)
 - ❖ Continued use of Colonias@nmfa.net ensures greater response time to client questions or concerns
 - ❖ Alignment of Colonias and Water Trust Board processes provides client communities with greater predictability

FOCUS ON EXPENDITURES



FOCUS ON EXPENDITURES

- ❖ Awards made in June of each funding year
- ❖ Board and staff are focused on increased pace of spending
- ❖ Projects not timely expending prior awards were bypassed in 2016
- ❖ 22 projects from 2012 cycle were completed in FY 2016 – 10 in 4th quarter alone

| Colonias Cycle | Awarded | # | Pending | # | Secured | # | Open | % of Funds Expended | Open Projects | % Projects Completed |
|----------------|---------------------|------------|---------------------|-----------|---------------------|------------|---------------------|---------------------|---------------|----------------------|
| 2012 | \$12,801,965 | 39 | \$0 | 0 | \$12,801,965 | 39 | \$214,720 | 98% | 5 | 87% |
| 2013 | \$16,640,461 | 37 | \$0 | 0 | \$16,640,461 | 37 | \$3,516,910 | 79% | 24 | 35% |
| 2014 | \$13,079,904 | 37 | \$0 | 0 | \$12,719,872 | 37 | \$8,216,867 | 37% | 32 | 14% |
| 2015 | \$15,562,611 | 28 | \$848,526 | 1 | \$14,714,085 | 27 | \$14,701,412 | 6% | 27 | 4% |
| <u>2016</u> | <u>\$11,958,068</u> | <u>14</u> | <u>\$11,958,068</u> | <u>14</u> | <u>\$0</u> | <u>0</u> | <u>\$11,958,068</u> | <u>0%</u> | <u>14</u> | <u>0%</u> |
| TOTAL | \$70,043,009 | 155 | \$12,806,594 | 15 | \$56,876,383 | 140 | \$38,607,977 | 45% | 102 | 34% |

COLONIAS CONTACTS

For further information and/or assistance please
contact a Colonias Administrator at:

Colonias@nmfa.net or 505-984-1454

- + Angela Quintana, NMFA Senior Program Administrator – *Primary Project Contact*
- + Zach Thomas, NMFA Senior Water Resources Administrator - *Primary Policy Contact*
- + Jim Perry, NMFA Senior Program Administrator – *Primary Contact for Requisitions*
- + Charlotte Larragoite, Senior Administrative Assistant - *Board Administrator*
- + Robert Coalter, NMFA CEO
- + Marquita Russel, NMFA Chief of Programs